

# **SALES AND USE TAX REVIEW COMMISSION**

## **RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

**BILL NUMBER:** A-2182

**DATE OF**

**INTRODUCTION:** 3/3/00

**SPONSOR:** Assemblyman Asselta  
Assemblyman Corodemus

**IDENTICAL BILL:** S-1104

**DATE OF**

**RECOMMENDATION:** 6/1/00

**SPONSOR:** Senator Connors  
Senator Kyrillos

### **COMMITTEE:**

Assembly Commerce, Tourism, Gaming and Military and Veterans' Affairs  
Senate Commerce

### **DESCRIPTION:**

These bills provide an exemption from sales and use tax on purchases of home improvement materials used for repairs, improvements or both for an approved retrofitting to a residential property located in a coastal area and insured under a homeowner's policy.

### **ANALYSIS:**

The exemption from tax provided by these bills do not treat similarly situated taxpayers alike. The bills will provide a tax benefit for certain natural hazards such as flooding in a coastal area, while the identical calamity elsewhere is not so recognized. There is no evidence that a tax exemption incentive will promote retrofitting or that it could be administered in a reasonable way so as to prevent improvements that have significant utility or add substantial property value apart from the goal of retrofitting. The exemption does not meet the test of simplicity. The proposed statute, as written, requires complicated rules, guidelines and procedures for implementation that could result in taxpayer confusion and uncertainty.

**RECOMMENDATION:**

The Sales and Use Tax Review Commission does not recommend either of these bills for enactment.

**COMMISSION MEMBERS FOR PROPOSAL: 0**

**COMMISSION MEMBERS AGAINST PROPOSAL: 6**

**COMMISSION MEMBERS ABSTAINING: 0**